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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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RELEASED 090108

OCT 19 1973

B-114874

The Honorable William J. Keating
House of Representatives

Dear Mr. Keating:

Pursuant to your June 27, 1973, letter and subsequent conversations with your office, we reviewed the Postal Service's decision to consolidate into one facility the operations of three existing postal stations and certain aspects of the site selection process for the proposed facility in the Hyde Park area of Cincinnati. This letter summarizes and updates the information we gave your office in an August 1, 1973, briefing.

At the briefing, we noted that:

- The Postal Service is not required to hold public hearings on the location of proposed facilities.
- The Postal Service is not required to comply with city zoning ordinances in locating a Government-owned facility.
- The Postal Service pointed out that, although it is not required by law to perform an environmental assessment and prepare an environmental impact statement¹ as provided for in the National Environmental Policy Act of 1969 (Public Law 91-190), it does so voluntarily in accordance with Postal Service regulations in the July 6, 1972, Federal Register.

¹A detailed statement, prepared in accordance with section 102 of the act, which identifies and analyzes the effect of proposed legislation or a major Federal action on the quality of the human environment. An impact statement is generally prepared if an agency determines in a preliminary environmental assessment that an action is expected to have a significant impact on the environment.

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- The Postal Service's estimate for certain costs relating to the consolidation of the Hyde Park, Oakley, and East End Stations¹ appears reasonable.
- Establishment of contract stations² in the East End and Hyde Park areas should preclude any deterioration in postal services to residents of those areas.
- The Postal Service could provide no documentation evidencing the consideration of alternative sites before selecting the Hyde Park Plaza site. Therefore, on August 1, 1973, we requested the Postal Service to document the reasons for rejecting 13 alternative sites in the Hyde Park and Oakley areas. (See enc. I.)

The following sections discuss in detail the consolidation decision and the site selection process.

EVALUATION OF THE CONSOLIDATION DECISION

The Postal Service decided to consolidate the Hyde Park, Oakley, and East End Stations because:

- The stations provide little or no parking for customers and have inadequate maneuvering areas and driveways for postal vehicles. These conditions constitute a safety hazard and prevent the Postal Service from motorizing delivery routes in those areas.

¹Stations are subordinate postal units located within the corporate limits of the city or town where the parent post office is situated.

²Typically operated by private individuals who contract with the Postal Service to provide services such as money orders, registry, certified mail, parcel post, and the sale of all necessary postal supplies on the premises of their place of business.

--The East End Station is in bad physical condition which is not conducive to high employee morale or productivity.

--None of the stations have air-conditioning.

Cincinnati postal officials told us that the proposed consolidation would reduce operating costs by about \$160,000 a year. The areas where changes in costs would occur follow.

Operational savings analysis			
	<u>Present</u> <u>system costs</u>	<u>Consolidated</u> <u>system costs</u>	<u>Savings or</u> <u>(additional</u> <u>costs)</u>
Personnel	\$ 994,891	\$834,430	\$160,461
Custodial services	8,275	6,050	2,225
Leasing costs	14,160	-	14,160
Drive-out costs	7,363	-	7,363
Motor vehicle service	33,000	18,000	15,000
Contract station costs	-	3,000	(3,000)
Utility costs	5,037	6,244	(1,207)
Carrier motorization costs	-	35,451	(35,451)
Totals	<u>\$1,062,726</u>	<u>\$903,175</u>	<u>\$159,551</u>

On the basis of our discussions with Cincinnati postal officials and our evaluation of their operational savings analysis, we believe that the Postal Service's cost estimates for the above areas are reasonable. However, the operational savings analysis did not include certain factors which the Postal Service normally considers in evaluating the economic justification of a new facility. We believe that the Postal Service should have made an economic analysis which considered additional factors, such as facility depreciation costs and real estate taxes foregone.

Postal Service officials told us the consolidation would not result in a deterioration of service for the residents of the three areas. However, several East End community officials

have expressed concern that a lack of public transportation from East End to the proposed site would inconvenience those residents without automobiles. The East End, Hyde Park, and Oakley Stations are 3, 1.2, and 0.6 miles, respectively, from the proposed site. Postal officials told us the proposed site was closer to the Hyde Park Square and Oakley areas because those areas have greater population densities than East End. Postal officials also told us any inconvenience to users of the Hyde Park and East End Stations would be obviated by establishment of a contract station in those areas.

We believe that establishing the two contract stations in Hyde Park and East End and continuing the Mount Lookout contract station, located between the current East End and Hyde Park Stations, should preclude deterioration of service in those areas, even though those stations would not be responsible for delivery services.

EVALUATION OF THE SITE SELECTION PROCESS

In January 1969 the Postal Service decided that the Hyde Park and Oakley Stations--which serve the 45208 and 45209 zip code areas, respectively--would be consolidated into a single facility. In November 1971 the Corps of Engineers initiated a survey in these two zip code areas to locate a site for the proposed consolidated facility.¹ Postal Service officials told us the East End Station was later added to the consolidation plan primarily because its bad physical condition was not conducive to high employee morale or productivity.

In May 1972 the corps issued a site survey report recommending that the Postal Service select a site on the west side of Paxton Avenue across from the Hyde Park Plaza Shopping Center for construction of the consolidated facility. This was the only site extensively discussed in the report; concerning the other sites considered, the report merely noted that a

¹From March 1971 through June 1973, the corps performed real estate functions for the Postal Service. Effective July 1, 1973, these functions, and several corps personnel responsible for these functions, were transferred to the Postal Service.

site adjacent to the current Hyde Park Station would cost more than \$500,000 and that the corps could not find any existing structures that could be used for the proposed facility. The Postal Service site selection committee unanimously approved the recommended site on July 19, 1972. Although the Postal Service informed us that several alternative sites were considered before the proposed site was recommended, no documentation existed to substantiate that this consideration was in sufficient detail to determine that the site chosen was the best available.

On January 9, 1973, the Postal Service's Central Region Capital Investment Committee approved a total estimated project cost of \$752,937. On January 16, 1973, the Central Region Postmaster General asked the corps to acquire the Hyde Park Plaza site. The corps first contracted for an appraisal of the 11 parcels of land at the selected site. The appraiser valued the land, about 115,856 square feet, at \$276,000. Other project costs, as outlined in the corps' site survey report, included \$50,000 to relocate the 16 families that would be displaced; \$25,000 to prepare the site; and \$40,000 for appraisal, survey, closing, and administrative and support costs, leaving about \$360,000 for construction of the 13,125-square-foot facility.

In June 1973 the corps initiated proceedings to purchase the land from the 5 owners of the 11 parcels. On July 12, 1973, in response to congressional and community concern over the proposed location of the facility, the Postal Service suspended for 90 days further attempts to purchase the 11 parcels. On July 16, 1973, the Postal Service determined in an environmental assessment that the effect of the proposed project did not justify preparation of a more detailed environmental impact statement.

On August 1, 1973, we requested the Postal Service to document the reasons for rejecting 13 alternative sites in the Hyde Park and Oakley areas. A Postal Service analysis, dated August 21, 1973, provided reasons why these sites were rejected. (See enc. II.) As of August 31, 1973, the Postal Service had not purchased any land at the proposed site.

On August 2, 1973, after meeting with congressional staff members and community officials, the Assistant Postmaster General for the Real Estate and Buildings Department agreed to suspend further action indefinitely pending a full reassessment of the project. Postal officials advised us that this reassessment includes a review of the decision to consolidate the three existing stations, a reanalysis of the available locations for the facility, and a more detailed economic analysis.

A Service official told us that this reassessment should be completed by November 1973 and that action would then be taken to prepare an environmental impact statement for the selected location and facility, if the decision to consolidate all three stations is still appropriate. The Service official told us the environmental impact statement will be needed because the July 16, 1973, environmental assessment was not of sufficient detail.

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Because the Postal Service is reassessing this project, we have not made an extensive economic analysis, nor have we evaluated the reasons given by the Postal Service for eliminating certain alternative sites.

Postal Service officials agreed with the facts in this report. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

Comptroller General
of the United States

Enclosures



COPY

ENCLOSURE I

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

AUG 1 1973

The Honorable Clarence B. Gels
Regional Postmaster General

Dear Mr. Gels:

During June, we received a congressional request concerning the proposed consolidation of the Hyde Park-Oakley, and East End Post Offices located in the Cincinnati, Ohio, area. In this regard, Mr. John Ols and Mr. Robert Lidman of my staff met with postal officials in Cincinnati, Ohio, and Louisville, Kentucky, during July. Messrs. Ols and Lidman reviewed appropriate files, visited the three post offices and toured the proposed site located on Paxton Avenue for the consolidated facility.

My staff found that there was no documentation evidencing the consideration of alternatives prior to selecting the Hyde Park Plaza site. Mr. James Jacob, Real Estate Officer, who took Messrs. Ols and Lidman on a tour of the Cincinnati area, pointed out several of the other sites that had been given limited consideration. In our opinion, the reasons for rejecting these sites should have been documented.

Because the reasons why the other sites were not selected were not documented, we would appreciate your providing us with a statement of the considerations that led to their rejection. The specific locations we have in mind are the five sites near Stratford Manor Shopping Center between Duck Creek and Madison, the two sites near the present Hyde Park Station, the three sites near Highland Avenue and Ridge, one site at Avery and Herschel, one site near the present Oakley Station, and a site adjacent to Hyde Park Plaza Shopping Center which we have been informed was large enough to meet the Postal Service's needs. We have attached a copy of a map for your convenience which shows more specifically the areas where these alternative sites are located.

We would like to express our thanks to Postal Service officials in Louisville and Cincinnati for their cordial reception and assistance during our visit.

Sincerely,

/s/ William J. Anderson

William J. Anderson
Assistant Director

cc: Mr. Joseph J. Scanlon, Postmaster
Cincinnati Post Office
Fifth and Walnut
Cincinnati, Ohio 45201

COPY

Indianapolis Real Estate Office
J. R. Jacob, Real Estate Officer

August 21, 1973

Hyde Park, Oakley, East End Consolidation: Documentation of the Reasons for Rejection of Sites as requested in General Accounting Office letter of August 1, 1973.

E. Miller, Carbon, Real Estate Manager
U.S. Postal Service, Louisville FAO
Portland Federal Building, Room 506
200 West Broadway
Louisville, KY 40202

The following is a site by site summary of the reasons the sites set forth in the above GAO letter were eliminated from consideration. They are treated in the order and as described in that letter.

"Five sites near Stratford Manor Shopping Center,"

1. Stratford Manor Shopping Center, itself, was considered. This Center consists of four rapidly deteriorating storerooms, one of which is vacant. This small strip shopping center is surely headed for complete redevelopment. It was built to service the Eastwood Village Apartments. These buildings are rapidly being abandoned with building after building vacant, vandalized, and in ruin. This site was not selected for the following reasons:

(a) It is not near the center-of-business of the area to be served. The Hyde Park Plaza Shopping Center is the largest shopping center near the center of the area to be served. Locating in a remote area, off the beaten path, away from the center-of-business, would make the Post Office inconvenient to its patrons.

(b) The site is located too far north and east in the northernmost of the three zones to be served. This would result in increased travel time for the carriers.

(c) The Stratford Manor site would be served by old Duck Creek Road which is narrow and substandard.

2. This site consists of part of the aforementioned Eastwood Village Apartments. Although ample area could be obtained without displacing many families, the area is zoned residential, and is undesirable for the same reasons enumerated under Site 1.

3. The north side of Duck Creek Road east of United American Cemetery: This property is properly zoned, however, it is undesirable for the same reasons as Site 1.

ENCLOSURE II

COPY

Hyde Park, Oakley, East End Consolidation

August 21, 1973

4. Site 4 is located on the northeast side of Oaklawn Drive at the corner of Duck Creek Road. This site was considered unacceptable for the following reasons:

- (a) It is not near the center-of-business.
- (b) It is located too far north and east in the northernmost of the three zones to be served.
- (c) The topography is difficult, with a reverse slope.

5. This site is located on the east side of Oaklawn Drive near the intersection of Madison Road. This site was not selected for the following reasons:

- (a) It is not near the center-of-business.
- (b) It is located too far north and east in the northernmost of the three zones to be served.
- (c) The topography would be difficult to build upon. There is a reverse slope.
- (d) Traffic congestion at the intersection of Madison Road and Oaklawn would delay movements to and from the site by both patrons and carriers.

"Two sites near the present Hyde Park Station,"

1. This site is located just north of Hyde Park Square, and is bound on the south by Gregson, on the west by Edwards, on the east by Michigan, and consists of approximately 37% of this mainly residential block. There are approximately four businesses and eleven residential structures in the proposed 300' x 400' site. The site was not selected for the following reasons:

- (a) Although near the center of the area to be served, the center-of-business for this area is now the Hyde Park Plaza Shopping Center, and many of the more substantial retail outlets have or are planning to move from the area.
- (b) The properties to be acquired are mainly large, single-family and multi-family structures which would be expensive to acquire and necessitate the relocation of more families and businesses than the selected site on Paxton Avenue. Thus the total cost to the United States Postal Service would be substantially more than the selected site.

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Hyde Park, Oakley, East End Consolidation

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(c) It is not properly zoned.

(d) Acquiring this site would involve negotiations with approximately fourteen separate owners. Experience has demonstrated that the more owners involved in an assemblage the longer it takes to gain site control. It is also well established that fewer ownerships result in a lower overall site cost. The Paxton Avenue site has only five owners for eleven properties, and the one owner of six of the parcels had committed himself in advance to selling at the appraised price.

2. This site contains approximately 120,000 square feet, is irregular in shape, and is bound on the south by Erie Avenue, east by Shaw Avenue, and west by Michigan Avenue, and on the north by the remainder of the residential block south of Griffith. This site was not selected for the following reasons:

(a) Although very near the center of the delivery area to be served, it is not near the center-of-business. The Hyde Park Plaza Shopping Center has replaced Hyde Park Square as the main shopping area in this district.

(b) The site consisting of approximately 120,000 square feet is made up mainly of large, single-family and multi-family residential structures in addition to the service station at the corner of Michigan Avenue and Erie Avenue. There are approximately fourteen single and multi-family structures in the area that would be needed. The estimated cost of acquiring the service station and the residential structures, along with the relocation costs, is estimated to be far in excess of the total cost of acquisition of the Paxton Avenue site.

(c) The site is not properly zoned.

(d) Negotiations with approximately fifteen separate owners would be involved.

"Three sites near Highland Avenue and Ridge,"

All three of these sites were found to be outside the area to be served, in the adjacent zip-zone, and were completely disregarded.

"One site near the present Oakley Station,"

This site is immediately east of the present Oakley Station on Brotherton Road. It would have approximately 410 feet of frontage on Brotherton Road, and be approximately 280 feet deep, running from Brotherton Road

ENCLOSURE II

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Hyde Park, Oakley, East End Consolidation

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to Bach Street. The site is now occupied by three businesses and thirteen residential structures. The site was not selected for the following reasons:

- (a) It is too far north in the area to be served.
- (b) It is not near the center-of-business.
- (c) The cost of acquisition and the relocation of the residents and the businesses involved would exceed the cost of the Paxton Avenue site.
- (d) It is not properly zoned.
- (e) The site is made up of at least sixteen separate ownerships.

"One site at Avery and Herschell,"

This site is probably better described as being at the corner of Tarpis Avenue and Erie Avenue. This site is made up primarily of the former Cincinnati Transit Car Barns and is approximately 562 feet in length with only 114 feet of frontage. To utilize the site, it would be necessary to close Tarpis, which is a forty-foot street, and acquire eleven residential properties on the west side of Tarpis. This site was not selected for the following reasons:

- (a) The property is long and narrow with limited access to Erie Avenue.
- (b) The immediate street serving the site is Erie Avenue which takes an acute bend as it approaches the site which would contribute to a hazardous and difficult ingress and egress for both postal patrons and mail vehicles.
- (c) The site is partially residential in character, and would necessitate a zoning change.
- (d) The cost of the site and the relocation of the residents and businesses involved would be in excess of the cost at the Paxton Avenue site.
- (e) Although well located near the center of population of the area to be served, it is not near the center-of-business.
- (f) The site is made up of at least twelve separate ownerships.

"A site adjacent to Hyde Park Plaza Shopping Center,"

At the time of selection, there were actually two sites near the Hyde

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Hyde Park, Oakley, East End Consolidation

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Park Shopping Center, in addition to the selected site, which were large enough to accommodate the proposed postal project. Both sites, however, are part of the Hyde Park Plaza Shopping Center, and were purchased for its expansion. At the time of our contact with the owners of Hyde Park Plaza Shopping Center, one site between the Center and Wasson Road and Paxton Avenue was already committed to the expansion of the Center and architectural plans and specifications were drawn for the addition of a cafeteria and a large supermarket, in addition to several other small shops. It was our conclusion at the time, that any acquisition which would block this planned expansion would result in damages to the whole shopping center and the resulting costs would be prohibitive.

The second site which was then available, and remains available, was ear-marked for the construction of a high rise for the elderly, in conjunction with a current Department of Housing and Urban Development program. This property is long, narrow strip of land behind the shopping center, between an existing discount house and neighboring residential development. The property was not selected for the following reasons:

- (a) It does not front on a street -- the natural entrance would necessarily have to be over existing shopping center driveways.
- (b) Other possible points of ingress and egress would be over the narrow, residential streets dead-ending into the property.
- (c) The property is not properly zoned.
- (d) The location, behind a large discount house without proper street frontage, would be unsuitable for a project of this size and cost.
- (e) The traffic congestion resulting from both postal patrons and mail vehicles using the shopping center driveways, along with the normal shopping center customers, would present a distinct traffic hazard.

SUMMARY:

The site selected on Paxton Avenue, across from Hyde Park Plaza Shopping Center, was selected because it was considered best from both the operations and economic standpoint. It meets the criteria for size and location. It is across the street from the center-of-business. It is very near the center of population to be served. The site will afford good ingress and egress for both postal patrons and mail vehicles. It is located conveniently between the two major stations to be replaced. It involves fewer owners than the other sites considered near the population

ENCLOSURE II

COPY

Hyde Park, Oakley, East End Consolidation

August 21, 1973

center. Fewer families would be displaced at this site than at the other sites near the population center. Although not now properly zoned, a tour of the area, demonstrates that natural commercial expansion is taking place on both sides of Paxton Avenue. The area is in transition from residential to commercial usage.

/s/ J. R. Jacob

J. R. Jacob
Real Estate Officer
Indianapolis RE Office